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SECOND CLASS

# DRUG STORE NEWS

Vol. 11/No. 2 **Our 61st year of serving chains, wholesalers and high-volume independents** Published by Lebhar-Friedman Inc. Jan. 23, 1989

## Walgreens stays on rapid growth track; '89 a high-tech year

CHICAGO — Walgreen Co. will continue to expand aggressively, chairman Charles Walgreen III pledged at the annual meeting here Jan. 11. The chain, which has opened 562 new stores over the past five years, will open another 600 in the next half decade, Walgreen told shareholders.

"And that's not counting acquisitions, which we continue to aggressively pursue," he added. "Overall, our capital spending is expected to increase 30 percent in fiscal 1989, to $150 million."

Besides 100 new stores and extensive remodels of 165 units this year, Walgreen will invest heavily in technology in 1989. POS scanning and SIMS, the company's new Strategic Inventory Management System, head the list.

Other new uses of technology, Walgreen said, will include a new electronic purchasing system for buyers—due this spring—and a satellite linkup with virtually all stores, offices, distribution centers and photo labs by 1990.

Walgreen also announced that sales in the first-quarter which ended November 30, were up 8.7 percent, to $1.2 billion, with same-store results up a healthy 8.9 percent. Net earnings, aided by improved inventory and expense controls, shot up 31.4 percent, to $24.7 million.

## Harris in merger with giant medical supplier

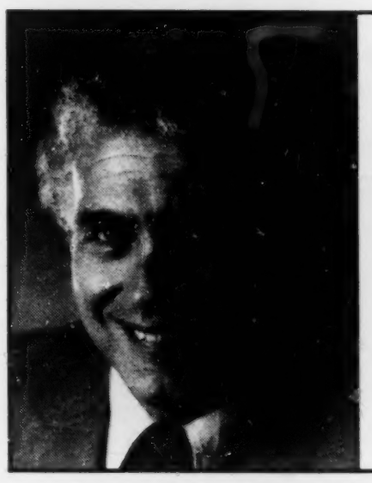
### *Wholesaler expands mix, gets war chest*

**By Elizabeth Parks**

SOLON, Ohio — Harris Wholesalers, the nation's second-largest independent drug wholesaler, has merged with a private holding company whose investments include General Medical Corp.

General Medical is the largest supplier of medical and surgical equipment/supplies to nursing homes, physicians and clinics in the U. S., and the second largest supplier of these goods to hospitals.

The merger gives Harris and General Medical the opportunity to combine their complementary product mix to become a one-source supplier for hospitals, nursing homes, clinics, and retail pharmacists who want to expand their share of sales with medical institutions.



*President Seth Harris estimates that the wholesaler will be able to open another four or five distribution centers within the next 24 months, which could add as much as $1 billion to Harris's annual sales.*

The merger also gives Harris a war chest of funds for aggressively expanding into new markets and new areas of

*See* **Harris,** *page 53*

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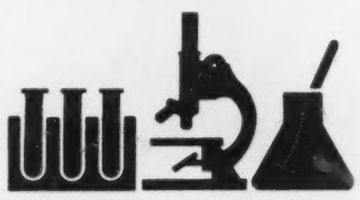
- New drug review
- New 'Health Talk' column
- Washington Perspective
- Statewire
- Drug Watch
- C.E. lesson on nutrition supplements

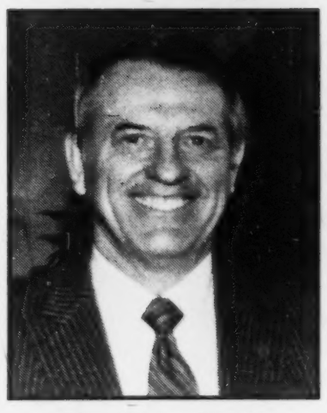


## American buyout rumors hike stock

**By James Frederick**

IRVINE, Calif. — As American Stores prepares for a top management change, speculation over a possible takeover bid is driving up the price of the retailer's stock. On Jan. 29, chairman L. S. "Sam" Skaggs will turn his duties as chief executive over to vice chairman Jonathan Scott.

Both share price and trading volume have surged since late December, when analysts began touting the company as a possible takeover candidate. At press time, shares had risen about $8 in two weeks, to more than $60, on trading volume far in excess of normal daily averages for the stock.



**Jonathan Scott**
*new chief executive*

The rise is being attributed to two factors. The first is Wall Street guessing that the company's merger with Lucky Stores may be overturned in court, thus making it far easier prey for a takeover. American Stores is appealing a preliminary injunction barring its $2.51 billion merger with Lucky on antitrust grounds, but a ruling has yet to be handed down by a three-judge panel in California.

Secondly, analysts are taking a hard look at the company's assets, and some are recommending what they say is a bargain.

"There's no resolution of the Lucky situation yet, so I think the stock is just responding to analysts' recommendations," noted Jonathan Ziegler, retail analyst for Sutro & Co. Ziegler referred to a *Wall Street Journal* "Heard on the Street" column which ran in early January, in which one analyst valued the company's shares at $130 in a takeover situation.

A spokesman for American Stores responded that the company knows of no party accummulating shares for a possible takeover try. "That valuation was one stock analyst's viewpoint, and the price of

*See* **American,** *page 53*

## LATE NEWS

- RICHMOND, B. C. — London Drugs is building three more large-scale, high-volume drug stores in British Columbia and Alberta, boosting its store count in Western Canada to 35 by the end of 1989. The chain opened three stores last year.
- TROY, Mich. — Arbor Drugs moved headquarters into its new, three-story building here Jan. 16. With 52,000 square feet, the facility on West Big Beaver Road, across from K mart's headquarters, doubles Arbor's office space.
- PITTSBURGH — Craig Sinclair has been named vp-marketing at Thrift Drug. He replaces Tom Sigerstad, who left Thrift to join The Michael's Co., a Dallas-based chain of arts and crafts stores. For the past two years, Sinclair has been Thrift's manager of strategic planning and new business development.
- NEW YORK — Leroy Pharmacies Inc. has purchased the assets of Continental Health Products, , which includes a lease for a tenth store site. Leroy is also building a Total Parental Nutrition center at East 23rd Street to service the chain.

## Heavy debt burden drives Cullum to shed Hypermart USA interest

**By Susan Ball**

DALLAS — Cullum Companies has completed the sale/leaseback of its 50-percent interest in the two Hypermart USAs it operates jointly with Wal-Mart in this metro area.

"It's nothing more than a financial arrangement with an investor, a way to get the money out that we had in it [the joint venture]," said Jim Stiles, vp and cfo, who declined to name the investor. Cullum Companies will con-

*See* **Cullum,** *page 53*

**Cullum Companies will continue to operate the food side of Hypermart USA stores in Garland and Arlington, Texas, as lessee.**

## NEWS IN BRIEF

### Seven new Genoveses set for early '89

MELVILLE, N. Y. — Genovese Drug Stores is starting the new year with plans to roll out seven new stores in the first six months, beginning in February with its 91st store in North Babylon, Long Island.

The newest Long Island unit is being fixtured and should open the latter part of February, said Don Gross, vp-marketing. After that, the other stores will be opening in quick succession from late March through April, Gross added.

Genovese's first store in the Bronx is among the planned openings, but no date has been set yet, due to lease problems, Gross said.

Meanwhile, Genovese has seven stores up on its POS system, with more expected to come on line mid-year.

### Dominick's freezes Rx prices in 1989

NORTHLAKE, Ill. — Dominick's Finer Foods, a leading Chicagoland food and combo store chain, has frozen prescription prices at all 15 of its in-store pharmacies for the year.

The freeze applies to all customers filling new prescriptions between Jan. 5 and Jan. 31. All allowable refills of those original scripts will be offered at the same prices throughout 1989. Dominick's called the move "an ongoing commitment to resist price increases on pharmaceutical needs."

The price freeze is being touted in full-page ROP newspaper ads in *The Chicago Tribune*.

In another low-price bid, Dominick's pharmacies also accept all competitors' pharmacy coupon offers, and add an extra $2 to their value. The chain also promotes generic drugs through price comparison charts at pharmacy counters.

### Nat. Intergroup completes Zahn buyout

MELROSE PARK, Ill. — National Intergroup, parent of FoxMeyer Drug Co., has completed its purchase of Louis Zahn Drug Co., one of the Midwest's biggest regional drug distributors. The deal, whose terms were undisclosed, was concluded in early January.

Zahn will become part of FoxMeyer's growing coast-to-coast drug distribution system and "improve its presence in the important Chicago market and surrounding areas," said National Intergroup chairman and ceo Howard Love.

The local firm will continue to operate under the Louis Zahn logo with existing management. Founded in 1931 and a private company until the merger, Zahn serves more than 1,000 drug stores and hospitals in Illinois, Wisconsin, Indiana and Michigan. Sales exceed $200 million per year.

### Perry renames 2 home health care outlets

PONTIAC, Mich. — Perry Drug Stores has renamed two of its five retail home health care outlets to Perry ComfortCare to bring the stores within its corporate logo.

The stores—formerly Flint Medical of Flint, Mich. and Norton Surgical and Respiratory of Lincoln Park, Mich.—both provide home medical equipment for sale and lease, infusion therapy services and wholesale medical supplies.

The units are part of Perry's Health Care division, which last year accounted for $21 million in sales.

### Falbaum exits Perry; forms PR agency

**Falbaum**

PONTIAC, Mich. — Berl Falbaum has retired as vp-corporate communications at Perry Drug Stores to start his own public relations/media consulting firm.

Since Falbaum came to Perry five years ago, he has served as the chain's chief communications link with the press, public and Wall Street. Falbaum also edited Perry Press, the company's employee newsletter, and spearheaded many of the chain's efforts to improve store service levels as liaison between Perry's ad hoc customer care committee and district managers.

For the time being, at least, Falbaum will maintain an office at Perry headquarters to build his own firm, called Falbaum & Associates. He will also continue to serve the chain as its outside communications specialist.

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Vol. 11, No. 2 Jan. 23, 1989

# Big crowds and sales gains bring chains holiday cheer

**Merchandising Spotlight**

*This national roundup of Christmas sales was reported and written by Christine Bizzarro, Pam Krein and Elizabeth Parks.*

It was a happy holiday season for drug chains in December, as merchants told tales of crowded stores and healthy sales gains.

Across the land, retail sales in all trade classes rose 6 percent to 10 percent, because shoppers had greater confidence in the economy and a longer shopping season. The story was the same at drug chains. The 103 chain members of newly-merged Affiliated/Associated Drug Stores turned in strong seasonal gains, said president Philip Weinstein.

"The two extra buying days between Thanksgiving and Christmas helped out a lot," he said. "The Thursday and Friday before Christmas were good days for drug stores, what with Christmas falling on a Sunday this year," he said.

Retailers interviewed pinpointed EpiLady, the hair removal system, the "E.T." video, and the Nintendo Home Entertainment System as some of the season's big winners. Personal care appliances got votes too, but toys generally didn't fare well at drug chains because specialty toy discounters have broad assortments and sharp prices and grab the business.

**East**

The biggest positive surprise at Standard Drug in Virginia was its sell out of Teenage Mutant Ninja Turtles toy action figures, said merchandise manager Chris Hayman.

Chainwide season sales rose "marginally," he estimated, despite greater promotional efforts which began in early November. Weekly circulars and television commercials heightened Standard's presence in its competitive market.

Traditional Christmas items like bows and gift trims sold "exceptionally well," as well as lighting products and battery-operated window candles. A local resurgence in outdoor decorating prompted strong sales of outdoor garland and lights.

In Maine, snow didn't fall, leaving people free to shop. "Many flocked to the malls, but visited neighborhood drug stores too," said Larry Plotkin, president of Wellby Drug Stores. He noted 15 percent comp-store sales gains in the season.

Basic Christmas inventory like greeting cards, batteries, giftwrap and stocking stuffers sold well. Giftware, which Wellby sells only during Christmas, didn't do as well despite an early November catalog mailing.

Gary Spielfogel, president of Austin Drugs, Long Island, said sales were considerably better this Christmas than last.

Trim-a-tree was popular, as were jewelry and hair accessories. Since Austin caters to an affluent market and is service-oriented, the hair accessories sold in the store were promoted from early November with hair stylists available to demonstrate and give away coupons for area salon services.

**Midwest**

Dick Scott, president of Osco Drug, said sales were better than last year, calling the season "a very good clean up." Osco surpassed its goals for inventory sell-through during Christmas.

Revco posted record breaking sales in the week ended Dec. 24. Boake Sells, president, said in an internal newsletter that "Sales were nearly 7 percent above our previous record high set in December 1986. We did that with 66 fewer stores than we had in 1986."

Sells said "We were able to get back into stock on basics by the holiday season. Revco suppliers came back with the trade support we needed to have well-stocked shelves for Christmas. The sell-through on Christmas merchandise was excellent. Compared to last year, our seasonal markdowns will be much lower."

At Walgreens, a spokesman said preliminary drug store figures showed an 11.4 percent rise in December. She added that inventory sell-through was good, but it's too early to pinpoint the best sellers.

**South**

Overall sales gains for the Christmas selling season were in the "double digits" at Harco, said Keith Connell, director of purchasing.

These figures were attained despite a plateau in promotional efforts and little dis-

*See* **Chains** *page 53*

## *Cosmetics show sales gains in Dec.*

NEW YORK — Early reports from cosmetic and fragrance buyers around the country indicate that this past Christmas was a good year for chain drug stores, with 5 percent to 10 percent sales gains.

In fragrances, department store lines did exceptionally well whenever chains could get the prestige brands. Obsession for both men and women, Liz Claiborne, Chanel, White Linen, White Shoulders, Passion and Beautiful were consistently named as strong sellers.

In mass brands, hot sellers included Hero, Sante Fe, Trouble and Ex Cla Ma Tion, all new in 1988. Chaps, Stetson and Old Spice all did well too, buyers said. Every chain interviewed said alternative designer fragrances were cut back this year because buyers feel the category has passed its peak. They cited Primo, Delegar and Illusions as some of the best performers in the segment.

In cosmetics, most buyers said the Revlon line was "outstanding" this year. Most interviewed said everything from Revlon sold this year, especially eye shadow kits. Kits from Cover Girl and Maybelline also sold well.

Buyers praised Maybelline's Shine Free make-up, Factor's Satin Splendor, and Revlon's New Complexion makeup and Anti-Aging lotions. Erace, Almay's Stress products, and No Color were also singled out as "very strong."

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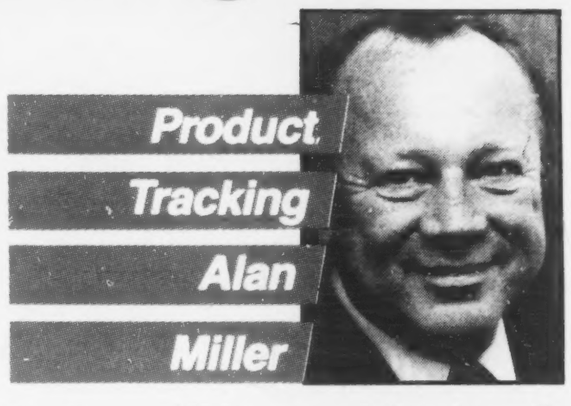
SPECIAL SAMI/BURKE REPORT

# Where drug stores' H&BA action was in 1988




As 1989 begins, it seems appropriate to reflect on drug store trends of the past year. There will undoubtedly be other "late starter" findings to examine as the new year unfurls, but for now I want to identify the H&BA categories which gained and lost in the 52 weeks ended Dec. 2, 1988.

In 52 H&BA categories combined, unit volume nationally in drug stores rose a scant 0.2 percent. This compares with a unit volume gain of 2.4 percent in the same categories over the same period in food stores. In all, there were 22 H&BA categories with sales increases in drug stores and 30 that declined.

In many instances, the volume gains can be traced to new product activity, although 1988 was a year in which there was a dearth of exciting and innovative new products. (In food stores, through November 4 there were 288 new H&BA brands launched in one or more SAMI markets as compared with 295 during a similar 44-week period in 1987.)

The category with the highest unit volume gain was appetite suppressants and in this category Plough's Stay-Trim completed national distribution and became the number two brand behind Dexatrim in the third quarter of the year.

The second highest gain was accomplished by feminine hygiene deodorants which enjoyed an increase of 21.3 percent, contributed by Massengill Towelettes which rolled out nationally during the year.

Hair sprays, which include spritz items, benefited from the national launching of Helene Curtis, Salon Selectives and Alberto Culver's Bold Hold. New markets were also added for Freeman (now national) and St. Ives (nearly national).

All but one of the nine million dollar drug store brands of lip care products enjoyed sales gains. There were no major new brands during the year, but new line extensions particularly for Blistiks were introduced. In the laxative and stool softener category where unit volume rose 7.1 percent the brands with major increases in national drug store share included Metamucil, Dulcolax, Citrucel, Fibercon and Squibb.

In mouthwashes, which had a 6.5 percent overall gain, the focus of attention was in Plax, Listermint Fluoride, Viadent and Colgate Tartar Control which completed national distribution during the year.

Neutrogena and Sea Breeze were standout performers among facial preparations and Buf-Puf Cleansers were new and national in this category. The gain of 5.7 percent in the razors and blades category can be attributed to volume from Block Drug's new Soft Shave as well as new Lady Gillette.

There was only one major new entry in the shampoo and hair conditioning rinses categories: Revlon's Clean & Clear. It is highly unusual to witness such an absence of new product churning in these categories in which there are so many major manufacturers competing in new product one-upmanship.

Several of the categories with loss trends as the year drew to a close were those with continuing attrition. The home permanent kits category has been losing ground consistently and during the downfall Sterling Drug's Ogilvie has garnered the number one spot from Lilt and Toni.

Toward the end of the year spray deodorants attracted volume from roll-ons, sticks and creams. Sprays were helped by two important introductions by Mennen and Ban from Bristol-Myers.

With the exception of mouthwash, all oral hygiene categories had lower unit sales in drug stores on an annual basis. It should be kept in mind that the year ago sales of toothpaste were inflated by new product activity featuring tartar/plaque control and special items for children.

The trends we have been reviewing are national in scope. Because brand performance differs dramatically from market-to-market I always try to illustrate this marketing fact of life with an example of differences we are finding, regardless of the variable under scrutiny.

The accompanying table identifies the best and poorest markets based on 4-week dollar shares in drug stores for 15 new H&BA brands launched during the year ending Oct. 7, 1988. Each of these brands has been in national or nearly national distribution for at least three months so that some of the bloom was off the rose when these readings were taken.

There are three brands with 4-week dollar shares (period ended Oct. 7, 1988) of 10 percent or higher in the market with the best share performance. In two out of three of these products (brand not identified but category is) the share in the weakest market was less than 1 percent. In the case of the hand and body lotion under scrutiny the share in St. Louis was 10.0 percent and was 1.1 percent in the weakest market.

It is differences like these that make the game of new product roulette exciting. The marketers who gain knowledge of these market-by-market idiosyncrasies often come up with the winners.

* * *

Readers wishing to inspect the market-by-market share trends of one of these new products may obtain a copy by sending a request (written on company letterhead and signed by company executive) to: Warren Spence, VP-H&BA Marketing, SAMI/Burke, 55 Greens Farms Road, Westport, Conn. 06880. Please designate the letter of the new product report you wish to receive.

## *New H&BA product performance in drug stores: Variations in SAMI market shares*

(Four weeks ended Oct. 7, 1988)

| Category | Best Market | 4-Week Dollar Share | Poorest Market | 4-Week Dollar Share |
|---|---|---|---|---|
| Spray Deodorants | Oklahoma City/Tulsa | 12.00% | Houston | 0.80% |
| Shampoo | Louisville/Lexington | 4.70 | Spokane | 0.60 |
| Hair Spray | New Orleans | 1.90 | Los Angeles/San Diego | 0.60 |
| Hair Spray | Grand Rapids/Kalamazoo | 9.60 | Birmingham/Montgomery | 2.00 |
| Hair Conditioning Rinses | Louisville/Lexington | 7.40 | Spokane | 0.60 |
| Hair Setting Needs | Detroit | 2.90 | Kansas City | 0.30 |
| Toothpaste & Powder | Birmingham/Montgomery | 15.10 | Quad Cities | 0.90 |
| Toothbrushes | Scranton/Wilkes-Barre | 4.70 | Spokane | 0.20 |
| Antacids | San Antonio/Corpus Christi | 4.00 | San Francisco | 1.40 |
| Cold Remedies | Detroit | 2.20 | El Paso/Albuquerque/Lubbock | 0.10 |
| Appetite Suppressants | Houston | 5.20 | Portland, Ore. | 0.02 |
| Synthetic Vitamins | Birmingham/Montgomery | 5.20 | Cleveland | 0.04 |
| Shaving Creams | Charleston/Savannah | 5.30 | Spokane | 0.10 |
| Hand & Body Cream–Lotions | St. Louis | 10.00 | Seattle/Tacoma | 1.10 |
| Facial Preparations | Portland/Concord | 3.30 | Milwaukee | 0.20 |

Source: SAMI/Burke

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TRENDS

# Fem. hygiene items boosted by pre-pricing

Many chain drug retailers felt that vendor pre-pricing and aggressive advertising of core brands improved napkin and tampon sales in 1988. These leading brands helped lift the category from a flat trend that other merchants attributed to overproliferation.

Adding to the positive sales outlook, new external feminine hygiene products such as washes and towelettes seem to be gaining acceptance.

Moreover, SAMI/Burke data shows that unit sales of feminine hygiene deodorants rose 21.3 percent in drug stores this past year, and feminine douches and washes gained 3.9 percent.

To capitalize on impulse sales opportunities, retailers often display external washes and towelettes next to sanitary napkins and tampons, which draw steady replenishment traffic.

"The douche market has matured somewhat," said Brian Duffy, president of C.B. Fleet, maker of Summer's Eve. "But an interesting new market in this segment is the external product market." Summer's Eve Feminine Wash and Summer's Eve Feminine Mist are two C.B. Fleet products cashing in on this market, drug chain buyers noted.

"Women are looking for refreshing, non-irritating, external hygiene products," Duffy said. Neither the wash nor the mist contain soap. C.B. Fleet is also introducing Summer's Eve Feminine Powder, made with cornstarch, to the external product line.

In this segment, retailers also said Massengill's Baby Powder Soft Cloth Towelettes, made by Beecham, have sold well since their introduction a year ago.

**Henninger Drug Stores, in the Chicago outskirts, aggressively promotes a broad range of branded feminine hygiene products, including tampons, napkins and panty shields.**

### Sales up for branded items

In branded pads and tampons, the category mainstays, pre-pricing and heavy advertising lifted sales. Mike Weiner, vp merchandising at Rix Dunnington in Massachusetts, said "the old standbys like Tampax, Stayfree, Kotex and Always are good movers, especially when they are prepriced at $2.99 and $3.29. "They really seem to take off."

The chain devotes 24 feet to the section, and positions it near the pharmacy in the back of the store.

At Rite Aid, the category gets an average of 40 feet, which is split among 55 branded and about a dozen private label products. Pre-pricing of bulk products, and increased consumer acceptance of its store brands, helped the category produce better over the past year.

At Peterson Drug Co. in New York, Dean Waldron, feminine products buyer, attributed sales growth in core brands like Tampax Petal Soft tampons and Summer's Eve brand douches to extensive consumer advertising by manufacturers. For its part, Peterson cut back its category advertising because "everyday movement was strong" and ads weren't generating that much incremental sales.

"We used to run one feminine hygiene product in each circular, once a month, 12 times a year, but now we run one product approximately seven times a year," Waldron said.

At Leroy Pharmacies, which enjoys a strong health care image in its primarily urban market, president Stanley Lepelstat said pre-pricing at 25 percent below typical levels, along with manufacturer displays, enhanced feminine hygiene performance. Leroy, which devotes eight feet to the category, also aggressively advertises Summer's Eve and Massengill douche twin-packs monthly in its circulars.

However, Perry Drugs' Steve Lund had a different opinion on pre-pricing. "All its done is shifted the business around. The tactic hasn't raised their total shares in the category, and it will not get women to buy more of the product," he said.

Nonetheless, Perry boosted its feminine hygiene business through increased assortments and more aggressive promotional strategy. Perry in 1988 altered its entire advertising program to be weekly rather than just 27 weeks a year. And Perry now includes at least three feminine hygiene products a month in its ads, generally one per week.

# *Affluent 'first-time' mothers turn to drug chains for needs*

More "first time" mothers, with greater disposable income but little time to shop, are turning to drug stores for all their baby's needs.

Indeed, drug stores increased their market share in several key baby care categories in 1988, according to A.C. Nielsen. In disposable diapers, for instance, drug stores gained 0.7 of a percentage point to 10.3 percent. And in baby oil, drug stores gained two share points, to 30.8 percent.

Drug stores seeking to increase their share of this important market are aggressively promoting baby care in the hope of capturing the first-time mother even before her baby is born.

The reason? Expectant moms are heavy spenders. First Moments, a New York-based product sampling firm, recently conducted a survey that concluded that 70 percent of new mothers buy disposable diapers before their baby's birth.

***H&BA drug outlet baby care dollar sales***

(in thousands)

| | 1987 annual | Latest 12 months through August 1988 |
|---|---|---|
| **Baby lotion** | $ 10,046 | $ 11,635 |
| **Baby oil** | 22,307 | 25,205 |
| **Baby powder** | 25,516 | 26,780 |
| **Baby bath** | 4,570 | 5,401 |
| **Diaper rash creams** | 15,620 | 17,684 |
| **Disposable diapers** | 267,684 | 283,884 |
| **Pre-moistened towelettes** | 38,519 | 42,440 |
| **Total** | 384,262 | 413,029 |

Source: A.C Nielsen

And, 74 percent buy baby shampoo and 77 percent purchase baby powder.

Stanley Lepelstat, president of Leroy Pharmacies in New York City, advertises Pampers or Huggies at least once a month to compete with food stores that dominate the disposable diaper market.

"Parents need these items every week. They are price-conscious about diapers, and once the parents are in the store, they will look at other baby needs," Lepelstat said.

Disposable diapers are also aggressively promoted at Michigan-based Arbor Drug Stores, said Dennis Wozniak, senior buyer. Arbor uses both circulars and in-store displays to promote the 16-foot to 20-foot diaper set. Endcaps are used for certain new brands that might be advertised that week in the circular.

**At Love's, in New York City, a complete baby care section includes value packs of branded diapers and higher margin-toiletries, wipes, bottles and toys.**

The latest introduction in the diaper market is Luvs Deluxe for Girls and Luvs Deluxe for Boys, with strategically placed leak guards to absorb wetness where little boys and girls need it most.

Many retailers said it's too early to tell whether anatomically correct diapers will catch on. Ruby Clark, buyer for baby care at A.D. Clark in Los Angeles, said, "Mothers will certainly use them on a trial basis, because they'll be curious."

Diapers are just one segment of a vast array of baby products aimed at new mothers. Sales of the entire baby care category have increased over last year, a spokesperson for Rite Aid said. The chain gives a whole aisle in the store (averaging 50 feet) to the category, which includes branded disposable diapers, powders, lotions and pegged

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# TRENDS

## Baby care/Mother care

**Drug chains must price diapers competitively to vie with supermarkets like this Publix in Orlando, Fla., which offers a variety of absorbencies, sizes and box counts.**

## Chains growing key baby care areas

*Continued from page 11*

products like nipples and small toys. The aisle is placed in the middle of the store across from the toy aisle, and the chain promotes diapers and lotions on a weekly basis in its circulars.

Rite Aid's spokesperson said the chain's private label diapers are one product category that really moves. The chain carries nine PL as opposed to 10 branded diapers. The PLs' higher profitability helps offset lower margins in the highly competitive disposable diaper area.

Sales are also up at Los Angeles-based A. D. Clark, said Ruby Clark, baby needs buyer. "It's always been a good category for us, and nothing is too good for the baby that parents aren't willing to spend their last dollar on," she said.

A. D. Clark uses a "baby table" in the aisle for those items like nipples, oils and lotions that can't be hung on a rack. Some stores in the 19-store chain average 125 feet of baby needs, including diapers and a full selection of baby wear ranging in price from $7.95 to $29.00.

Brian Zappala, H&BA buyer for Maine-based Wellby, said the chain sees consistent movement in the category, but no real growth. The chain allocates about 30 feet for baby needs, including a 12-foot pegged section over diapers for small toys and a 9-foot pegged section over baby H&BAs for nipples and other feeding needs.

Mike Conner, buyer and warehouse manager for Arthur Drug Stores in Connecticut, said small toys and baby H&BAs have been steady sellers, but sales are slightly down over last year's.

### *Leroy builds loyalty with pump rentals*

Mother care items such as breast creams, prenatal vitamins and breast pumps are sold in most drug stores in the baby section, but the category is not a large one. However, Leroy Pharmacies, based in New York City, meets mothers' needs first, hoping to develop a relationship that can produce a loyal shopper.

Leroy offers a breast pump rental service in its home health care department. Stanley Lepelstat, president of the newest publicly-held chain, said more and more women are making the decision to breast feed their babies in light of environmental and health concerns.

Leroy's pharmacy computer aids in advertising the service to new mothers. Once a woman comes in to have her prenatal prescription filled, her name and address are added to a mailing list to receive literature on the breast pumps Leroy offers. "This way we can increase our traffic flow of young mothers, and, at the same time, gain new customers for our baby category." Leroy also sends brochures to New York City obstetricians and gynecological practices.

Hymie Aruch, director of home health care at the chain, said two types of electronic pumps are available. The Egnell model, equivalent to a hospital breast pump, costs $2.00 per day for five days, up to $60 per month. A lighter pump, Schuco, costs $30 per month. New mothers renting the pump must also buy a $13.50 kit which includes disposable tubing, a bottle to catch the milk, and a plate-like cover for the breast. They are billed at the end of each month.

The pumps have been available from Leroy Pharmacies for the past six years, and although no rental figures were available, "continual rentals" have resulted from this service. "Some women keep them for as long as six to seven months," Aruch said.

Once the rental agreement is made, the chain offers next-day home delivery, and in extreme cases, Leroy's might offer same-day delivery.

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